In the

SUPREME COURT OF THE UNITED STATES

October Term, 1941.

No. 321

STONITE PRODUCTS COMPANY,

Petitioner,

vs.

THE MELVIN LLOYD COMPANY,

and

J. A. ZURN, MFG. COMPANY,

Respondents.

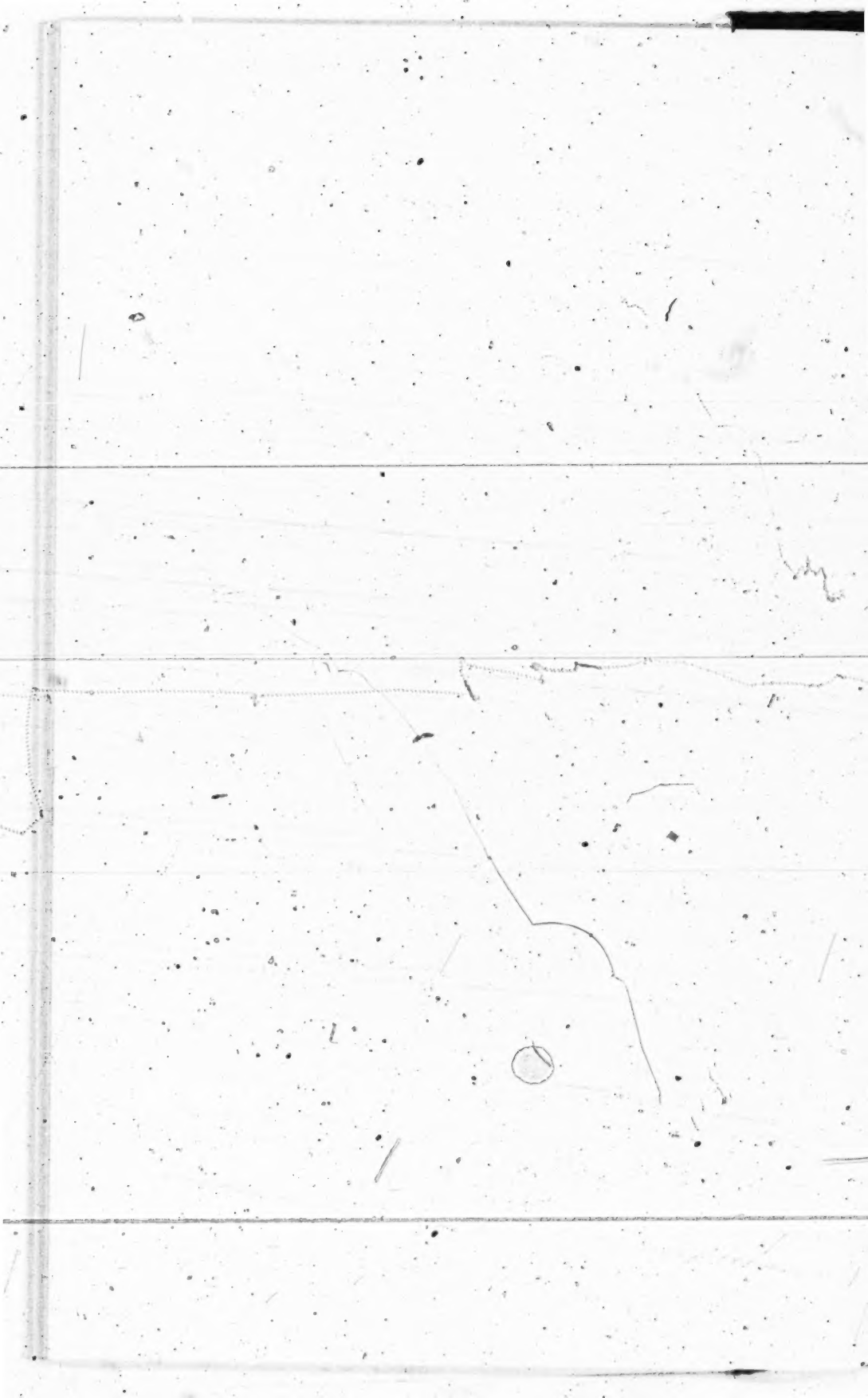
ON WRIT OF CERTIORARI
To the United States Circuit Court of Appeals for the Third Circuit.

REPLY BRIEF FOR PETITIONER

CHARLES W. RIVISE,
Counsel for Petitioner,
1321 Arch Street,
Philadelphia, Pa.

A. D. Caesar,
David S. Gifford,
Of Counsel.

The Butler Press, Cooperstown, N. Y. — Geo. Kornblatt, Phila. Rep.
832 Bankers Sec. Bldg. — Pennypacker 7134-5.



SUBJECT INDEX.

CASES CITED.

In the

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1941.

No. 321.

STONITE PRODUCTS COMPANY, *Petitioner,*

vs.

THE MELVIN LLOYD COMPANY and
J. A. ZURN MFG. COMPANY, *Respondents.*

ON WRIT OF CERTIORARI
To the United States Circuit Court of Appeals for the Third Circuit.

REPLY BRIEF FOR PETITIONER.

PREFACE.

Respondents' brief contains many contentions which we believe to be unsound and fallacious. We are therefore filing this brief in accordance with Rule 27 (4) in order briefly to answer the more important of Respondents' erroneous arguments.

SUMMARY OF REPLY ARGUMENT.

POINT I. Fact that Act of 1897 did not repeal Act of 1858 does not mean that Section 52 applies to patent cases.

POINT II. History of venue statutes does not show Congressional intention that Section 52 should apply to patent cases.

POINT III. Petitioner's contentions have ample basis in Supreme Court decisions.

POINT IV. Contrary to Respondents' contention, rules of statutory construction favor Petitioner's position with respect to venue statutes.

POINT V. Since Respondents admit that Section 51 does not apply to patent suits, they cannot logically contend that Section 52 applies to such suits.

ARGUMENT.

POINT I.

Fact that Act of 1897 did not repeal Act of 1858 does not mean that Section 52 applies to patent cases.

Respondents' principal argument may be briefly summarized as follows:

The Act of 1897 (now Section 48 of the Judicial Code) did not expressly or impliedly repeal the Act of 1858 (now Section 52 of the Judicial Code). Hence, Section 52 applies to patent suits to the same extent as it does to other cases not of a local nature.

This line of reasoning is obviously fallacious. For, it assumes that the Act of 1858 applied to patent suits *before the Act of* 1897 *was passed*. This assumption can be readily shown to be erroneous.

The Act of 1887 (now Section 51) specifically provided that a defendant could be sued *only in his own district.* As admitted by Respondents (Page 10 of their brief), this Court in *In re Hohorst,* 150 U. S. 653 (1893), held that despite the Act of 1887, a defendant in a patent suit could be sued *wherever found.* The first part of the Act of 1858 like the Act of 1887 states that a defendant must be sued *in his own district.* Hence, on the authority of the *Hohorst case,* it can be said that before the passage of the Act of 1897, the Act of 1858, contrary to Respondents' assumption, did not apply to patent suits.

In view of what has been said, it is not considered necessary to discuss the many decisions cited in Respondents' brief on the question of repeal by implication.

POINT II.

History of venue statutes does not show Congressional intention that Section 52 should apply to patent cases.

On pages 12-15 of our brief, we reviewed the history of the Act of 1897 (now Section 48), and quoted from the Congressional Record of February 16, 1897 to show the intention of Congress in passing this Act. Respondents have not taken issue with our statement of this history, but have quoted from the Congressional Globe of March 3, 1858, apparently for the purpose of showing that Congress intended the Act of 1858 to apply to patent suits.

We respectfully submit that there is nothing in the quotation from the Congressional Globe to indicate that Congress intended the Act of 1858 to apply to patent suits. We furthermore respectfully submit that, as pointed out on pages 12-15 of our brief, it was the purpose of Congress in passing the Act of 1897 to preclude a suit against a defendant in a district other than the one in which he resides, *with the single exception of a district in which he has a regular and established place of business.*

As was stated on page 15 of our brief:

> "Had Congress intended that the words 'the district of which the defendant is an inhabitant', appearing in Section 48, should be interpreted to mean 'two or more districts in the same state', Congress would certainly have expressed that intention in unmistakable language."

POINT III.

Petitioner's contentions have ample basis in Supreme Court decisions.

On pages 17-19 of our brief, we pointed out that the decision of the Circuit Court in this case constitutes a radical departure from the law relating to venue as it has been applied with substantial uniformity for at least 45 years. Respondents have not taken direct issue with the foregoing statement, but on pages 12-19 of their brief they contend that our position with respect to venue in patent cases is not supported by any decisions of the Supreme Court.

In answer to this contention, we are willing to concede that the Supreme Court has not as yet ruled on the specific question involved in this case; i. e. whether Section 52 applies to patent cases. However, we respectfully submit that our position with respect to the question of venue patent cases finds ample support in each of the following decisions of this Court:

In re Hohorst, 150 U. S. 653, 661.

In re Keasbey & Mattison Co., 160 U. S. 221, 229-230.

In both the *Hohorst* and *Keasbey & Mattison cases*, as conceded by Respondents on page 19 of their brief, it was held that despite the Act of 1887 (now Section 51) which

provided that a defendant could be sued *only in his own district,* a defendant in a patent suit could be sued *wherever found.* The first part of Section 52 likewise contains a prohibition against suing a defendant *outside of his own district.* Hence, it necessarily follows that, on the authority of the *Hohorst* and *Keasbey & Mattison cases,* the first part of Section 52 does not apply to the patent cases. If the first part of Section 52 does not apply to patent cases, the rest of the section likewise does not apply. For, the two parts of Section 52 are inseparable.

At this point, it may be noted that Section 52, as pointed out by the late Mr. Justice Brandeis in *Camp v. Gress,* 250 U. S. 308, 313, is an exception to the general prohibition of Section 51 against suing a defendant in a district *other than the one in which he resides.* Since the general statute (Section 51) does not apply to patent cases, there is good ground for arguing that the section declaring an exception (Section 52) does not. For obviously a section declaring an exception to the general statute cannot have broader application than the general statute.

Connecticut Fire Ins. Co. v. Lake Transfer Corp. et al., 74 Fed. (2nd) 258 (C. C. A. 2, 1934), is cited in support of the foregoing line of reasoning.

Our position also finds ample support in *General Electric Co. v. Marvel Rare Metals Co.,* 287 U. S. 430, 434, wherein this Court held in no uncertain terms that venue in suits for patent infringement is governed by Section 48. This section restricts the venue in patent suits to *the district of which the defendant is an inhabitant, or any district in which the defendant shall have committed acts of infringement and shall have a regular and established place of business.*

Respondents seek to avoid the effect of the *General Electric case,* by contending that "if Section 48 may be waived by a private party, a fortiorari, its operation certainly may be extended by the operation of a statute such as 52" (page 19 of Respondents' brief).

This is indeed a strange doctrine that Respondents are urging on the Court. It is true, of course, that a party may voluntarily waive the provisions of a venue statute. But that does not mean that the operation of the statute can be extended beyond its express terms, *when the party has not waived the provisions of the statute.*

On page 16 of Respondents' brief, it is stated, referring to *Lumiere v. Mae Edna Wilder, Inc.*, 261 U. S. 174:

> "..... This case is consistent with and clears the ground for a holding that Section 52 applies to venue in copyright cases and so also in patent cases, since both are classes of cases exclusively in the jurisdiction of Federal Courts....."

As admitted by Respondents, the *Lumiere case* clearly held that Section 51 does not govern the venue in copyright cases. Section 52 was not before the Court, and the late Mr. Justice Brandeis therefore stated:

> "As there is in this case only one defendant, the provision concerning suits in states which contain more than one federal judicial district can have no application. See, Judicial Code, Section 52 (Comp. St. Section 1034....."

Contrary to the impression which Respondents are apparently seeking to convey, there is no implication in the quoted language that if the question had been before the Court, it would have held that Section 52 applies to copyright cases.

POINT IV.

Contrary to Respondent's contention, rules of statutory construction favor Petitioner's position with respect to venue statutes.

On pages 15-17 of our brief, we pointed out with citations of authority that an interpretation of Section 52 to make it apply to patent suits would render portions of the section inconsistent with each other.

Referring to this part of Petitioner's brief, Respondents state (page 19 of their brief):

> ".....The seeming and unreal difficulty created in one part of appellant's argument arises from an attempt to read part of the words of Section 52 in specific opposition to some of the words in Section 48. No such handling of statutes is sound. *All of the words of Section 52 should be taken into account* and when so taken the mystery and the cloud and the inconsistency disappear and Section 48 and Section 52 are found to be brotherly statutes which can live together in harmony." (Italics added).

A complete answer to the foregoing contention is, that contrary to Respondents' admonition, they have disregarded certain very vital words in the first portion of Section 52. The first portion provides that when a State contains more than one district, *every suit not of a local nature*, against a single defendant, inhabitant of such State, must be brought *in the district where he resides*. In contending that the phrase "every suit not of a local nature" makes Section 52 apply to patent suits, Respondents have shut their eyes to the words "in the district where he resides". These words cannot possibly apply to patent suits, and hence the entire section does not apply to such suits.

POINT V.

Since Respondents admit that Section 51 does not apply to patent suits, they cannot logically contend that Section 52 applies to such suits.

As was previously stated, this Court in *In re Hohorst*, 150 U. S. 653, 661-662, held that the Act of 1887 (now Section 51) did not apply to suits for patent infringement. The Circuit Court below refused to follow the *Hohorst case* on the ground that what it said as to venue in patent suits was merely a *dictum*.

On pages 8-11 of our brief, we contended that the statement in question in the *Hohorst case* was a definite holding and not a mere *dictum*. Respondents have apparently accepted our views in this regard, for they now admit that the *Hohorst case* held that Section 51 does not apply to patent suits (page 10 of Respondents' brief).

We respectfully submit that since Respondents admit that Section 51 does not apply to patent suits, they cannot logically contend that Section 52 applies to such suits. For, as we previously pointed out, Section 52 is an exception to the general prohibition against suing a defendant in a district *other than the one in which he resides*. If the general statute (Section 51) does not apply to patent cases, how can it be said that the section declaring an exception (Section 52) does apply? This is particularly so since Section 52 contains the same prohibition against suing a defendant outside of his own district as does Section 51.

At this point, it is noted that on page 15 of their brief, Respondents state:

> "Admiralty jurisdiction is exclusively in the Federal Courts and Section 52 permits joinder of defendants resident in several districts of the same

state in admiralty suits in a federal court for the district where one of the defendants resides. *Downs v. Wall*, 176 F. 657, The Resolute, 14 F. (2) 232."

Respondents' reasoning appears to be substantially as follows:

Admiralty and patent cases are analogous in that they are both within the exclusive jurisdiction of the Federal Courts. Hence, the same rules as to venue should apply.

The difficulty with Respondents' reasoning is that the Federal Courts are not the only courts which have jurisdiction of maritime disputes. Section 24(3) of the Judicial Code provides that:

> "The district courts shall have original jurisdiction as follows: * * *
>
> (3) Of all civil cases of admiralty and maritime jurisdiction, saving to suitors in all cases the right of a common law remedy where the common law is competent to give it."

In *Red Cross Line v. Atlantic Fruit Company*, 264 U. S. 109, which involved the enforcement in the State Courts of an arbitration provision in a charter party, the late Mr. Justice Brandeis said:

> "By reason of the saving clause, state courts have jurisdiction in personam, concurrent with the admiralty courts in all causes of action maritime in their nature arising under charter parties."

A further difficulty with Respondents' contention is that it is not yet settled that the Section 52 applies to admiralty cases. Attention is respectfully directed to *Connecticut Fire Ins. Co. v. Lake Transfer Corp. et al.*, 74 Fed. Rep. (2nd) 258 (C. C. A. 2, 1934).

At the bottom of page 27 of their brief, Respondents state:

"The propriety of the suggestion that the operation of Section 52 of the Judicial Code is in accordance with generally accepted views as to the extent of venue and service in Federal District Courts is shown by the fact that the new Federal Rules of Civil Procedure contain in Rule 4 (f) thereof the following:

'All process other than a subpoena may be served anywhere within the territorial limits of the state in which the district court is held and, when a statute of the United States so provides, beyond the territorial limits of that state. * * * '"

A similar contention was made in *Gibbs v. The Emerson Electric Mfg. Co. et al.*, 29 Fed. (Supp.) 810 (W. D. Mo. 1939), and was answered by the Court as follows:

"Rule 4 (f) of the Rules of Civil Procedure permits the service of process 'anywhere within the territorial limits of the state in which the district court is held.' This liberal rule applies only where the venue will permit.

"Rule 82 specifically provides that the rules of Civil Procedure 'shall not be construed to extend or limit the jurisdiction of the district courts of the United States or the venue of actions therein.'

"The court has jurisdiction in patent cases, and, having jurisdiction of the subject matter, it can acquire jurisdiction of the person only where the statute so provides.

"From Section 109 supra it is obvious that the court can only acquire jurisdiction of the person under the circumstances therein mentioned."

CONCLUSION.

In conclusion, we respectfully call the Court's attention to the fact that Petitioner's point of view in this case was recently accepted by the District Court for the Southern District of New York in *Sperry Products, Inc. v. Association of American Railroads et al.* Since the decision has not as yet been published, we have taken the liberty of reproducing the pertinent portion of the opinion in the Appendix.

Respectfully submitted,

CHARLES W. RIVISE,
Counsel for Petitioner.

A. D. CAESAR,
DAVID S. GIFFORD,
Of Counsel.

APPENDIX.

Pertinent Portion of Opinion of Judge Conger of the United States District Court for the Southern District of New York in *Sperry Products, Inc. v. Association of American Railroads et al.* (Jan. 12, 1942):

The New York Central Railroad also moves to dismiss for want of jurisdiction over it.

Plaintiff admits that the New York Central Railroad is an inhabitant of the Northern District of New York. Therefore no infringement having been alleged in the Southern District of New York, this court ordinarily would be without jurisdiction over this defendant under Judicial Code §48. The plaintiff claims that the court has jurisdiction over this defendant by reason of the provisions of Section 52 of the Judicial Code (28 U. S. C. A. 113).

This section (§52) provides that where there is more than one district in the state and that there are two or more defendants residing in different districts of the state, every suit not of a local nature '* * * may be brought in either district, and a duplicate writ may be issued against the defendants, directed to the marshal of any other district in which any defendant resides.'

Sections 48 and 52 are in direct conflict where a patent infringement action is involved, unless §52 is to be considered an enlargement of the jurisdiction provided for in §48.

The question to be determined is whether or not §52 is applicable to patent suits. There is a conflict on this point, between the Circuit Court of Appeals for the Third and Ninth Circuits. (*Melvin Lloyd*

Co. v. Stonite Products Co. (C. C. A. 3), 119 F. (2d) 883, holds it is applicable; *Motoshaver Inc. v. Schick Dry Shaver Inc.* (C. C. A. 9), 100 F. (2d) 236, holds it is not.)

I am convinced that I should follow the Ninth Circuit. (*Motoshaver, Inc. v. Schick Dry Shaver, Inc., supra;* see also *Cheatham v. Transit D. Co.*, 191 F. 727; *Potter et al v. Hook Scraper Co.*, 8 F. Supp. 66; *Salvatori v. Miller Music Co., Inc.*, 35 F. Supp. 845.) A review of the authorities both before and after the adoption of Judicial Code §48 indicates that this section came into being because of abuses of the law. An alleged infringer could be sued in any place where found. The abuses which this condition of affairs permitted were many and serious, and it was largely to correct them that the Act (Act of March 3, 1897 (29 Stat. 695), later Judicial Code, §48) was passed. The Act is a restrictive measure. (*Bowers v. Atlantic G. & P. Co.*, 104 F. 887.) Section 48 confers upon defendants in patent cases a privilege in respect to places in which suits may be maintained against them. (*General Electric Co. v. Marvel Rare Metals*, 287 U. S. 430.) I am of the opinion that Section 48 determines the jurisdiction in patent cases, and that Section 52 does not enlarge it. The complaint, therefore, as against the New York Central Railroad Company is accordingly dismissed.